



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Alaska Outer Continental Shelf Region
949 East 36th Avenue, Suite 308
Anchorage, Alaska 99508-4363

17 NOV 2000

Mr. Charles H. Kana
Manager International Negotiations &
Business Development
Murphy Exploration & Production Company
550 West Lake Park Blvd., Suite 1000
Houston, Texas 77079

Reference: Approval of one year
Suspension of Production

Contract Number: 750192001X
Sandpiper Unit
Beaufort Sea, Alaska

Dear Mr. Kana:

We have reviewed your October 27, 2000, Third Unit Plan of Operations and proposal to extend the suspension of production (SOP) for the Sandpiper leases and associated unit. Your proposal includes conducting oceanographic and geophysical studies (which is to include field surveys) and other studies to obtain additional information necessary to support a development and production plan (DPP) for the Sandpiper prospect. You also proposed pursuing negotiations with BP Exploration (Alaska) Inc. (BPXA) regarding access to the Northstar facilities following commencement of production from the Northstar unit.

It is our understanding that the geophysical survey will be conducted during the 2001 open-water season and is inclusive of both the proposed development site and pipeline route, and that the oceanographic study would be initiated this winter.

Based on the specified work commitments in your proposal, we hereby approve the proposed Third Unit Plan of Operations and a one-year SOP, ending on November 17, 2001. This should provide sufficient time to complete the geophysical (site clearance/ice gouge) and oceanographic (sub-ice ocean current measurements) surveys and submit the results and a revised unit plan of operations to this office. We conclude that these efforts are appropriate and necessary to support a DPP for the Sandpiper unit. At this time, we cannot conclude that the suggested study of petroleum hydrocarbon degrading organisms is necessary or appropriate for the SOP for the Sandpiper unit.

We expect that by November of 2001, Northstar production will have commenced and that the various studies and programs planned will have matured providing an additional basis to evaluate the timing and scope of work necessary for a DPP, contract negotiations, and SOP for the Sandpiper unit.

You are advised that the timing for the contract study and permitting for the geophysical survey will take considerable lead-time. You are requested to provide this office with a copy of the final contract for the under-ice current study by January 31, 2001. You are also advised that the proposed geophysical survey should be coordinated with the Alaska Eskimo Whaling Commission and affected local communities. You will also need to coordinate with National Marine Fishers Service and the U.S. Fish and Wildlife Service to determine if the Incidental Harassment Authorizations are appropriate. We encourage you to pursue these discussions as early as possible. The geohazards program is a preliminary activity pursuant to 30 CFR 250.201. You should provide this office with a notice at least two weeks prior to commencement of your program. Failure to conduct the oceanographic study and geophysical survey may result in termination of this SOP

We request that you provide us with a report of unit operations, including the status of your oceanographic and geophysical survey contracts by April 30, 2001. We would like to meet with you and/or your representatives when the April 30, 2001, semi-annual report of unit operations is due in order to discuss the status of your contract work and the projected plans and requirements for the development of the Sandpiper unit.

A request for a new unit plan of operations and extension to the SOP will be required 30 days prior to the end of this SOP.

If you have any questions, please call Mr. Douglas Choromanski at (907) 271-6065.

Sincerely,



Jeff Walker
Regional Supervisor
Field Operations

cc: Mr. John Davis
Petrofina Delaware, Inc.
800 Gesser, Suite 700
Houston, TX 77024

Minerals Revenue Management
ARD RDB (MS-3133)
P.O. Box 5760
Denver, CO 80217-5760